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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-5

May 10,1937

THE WOOL SITUATION

Summary

The domestic wool situation has not changed materially in the past month, the Bureau of Agricultural Economics reports. A large part of the new domestic clip has been sold at prices somewhat higher than those of a year earlier, and higher than at any time since 1929. Demand for wool in both domestic and foreign markets has been strong this year and world supplies are below average. Supplies later in 1937, however, will be governed by the new clip in the Southern Hemisphere, which will become available in the late summer and early fall.

Consumption of wool by United States mills in the first quarter of 1937 was greater than in the first quarter of any year since 1923. Although there is as yet no definite indication of a reduction in mill consumption it is possible that the high activity in recent months has been at the expense of activity later in the year. Manufacturing activity, however, probably will continue relatively high throughout the first half of 1937.

Stocks of apparel wool held by United States dealers and manufacturers on March 27, totaling about 120,000,000 pounds scoured basis, were 14 percent larger than a year earlier. The increase resulted entirely from larger holdings of imported wool. Domestic production in 1937 is not expected to show much change from that of last year.

On April 1, apparent supplies in the five principal producing countries of the Southern Hemisphere were estimated to be from 6 to 10 percent smaller than on the same date of 1936 and at least 14 percent smaller than the average on that date of the 5 years, 1931-35. The reduction in foreign supplies at the beginning of April was much larger than the increase in stocks in this country. The 1936-37 selling season was practically over in the Southern Hemisphere at the end of April.

Trading in spot wools in the domestic market was very light in April and prices were largely nominal and unchanged. Prices paid for new clip wools in producing areas showed little change compared with late March quotations. Wool prices were firm to slightly higher in foreign markets during April.

DOMESTIC SITUATION

BACKGROUND - Consumption of wool by United States mills has been unusually high since the beginning of 1935, wool supplies have been reduced, and prices have advanced to the highest levels since 1929. The increased consumption has resulted from general improvement in economic conditions and has been aided by Government orders for wool goods. Demand for wool in foreign importing countries also was strong in 1935 and 1936, and wool supplies are relatively low in all markets.

Wool Sales and Prices

Trading in spot domestic wools on the Boston market was very light in April and prices were largely nominal and unchanged. Moderate quantities of spot medium and low crossbred South American wools were sold at Boston during April at firm to slightly higher prices. Prices of fine Australian wools also tended to advance in the latter part of the month following reports of higher prices in foreign markets.

Trading in 1937 clip wools in producing areas was rather slow in April and prices of comparable wools showed little change during the month. New clip, country graded bright medium fleeces of 3/8 and 1/4 blood combing and clothing lengths were quoted in April at 45-46 cents in the grease for wool from Ohio and Michigan delivered to Eastern buyers, and at 43-44 cents for wools from Iowa and Minnesota. Sales of such wools were small. The average price received by farmers as of April 15 was 33.2 cents a pound compared with 31.7 cents a month earlier and 26.2 cents a year earlier.

Pre-shearing contracts on Western Territory wools were quoted at Boston in April at $1 to $1.03 scoured basis for original bags, largely French combing length and 95-98 cents for shorter wools.

Mill Consumption

Consumption of apparel wool by United States mills showed a further increase in March. Weekly average consumption for the month amounted to 6,582,000 pounds, scoured basis, compared with 6,430,000 pounds in February and 5,052,000 pounds in March 1936. The consumption of apparel wool in the first quarter of 1937 was larger than in the first quarter of any year since 1923 and was equivalent to 135,234,000 pounds of shorn wool, greasy shorn basis and 22,052,000 pounds of pulled wool, greasy pulled basis.

The high rate of activity in the United States wool manufacturing industry in the first quarter of 1937 may have been due in part to the early placing of all orders and therefore may have been at the expense of activity later in the year. Unfilled orders for mens wear, however, were reported to be fairly large at the end of April. Manufacturing activity probably will continue relatively high through the first half of the year.

Stocks Held by Dealers and Manufacturers

Stocks of apparel wool held by United States dealers and manufacturers reporting to the Bureau of the Census on March 27, 1937, total about 120,000,000 pounds scoured basis, compared with 129,000,000 pounds on December 31 and 105,000,000 pounds on March 28 last year. The increase in stocks as compared with a year earlier resulted entirely from larger holdings of foreign wool. Only 58,469,000 pounds of domestic wool were reported on March 27 compared with 60,473,000 pounds a year earlier. Stocks of foreign wool in the United States reported on March 27 amounted to 61,731,000 pounds compared with 44,623,000 pounds in March 1936.

Manufacturers' stocks on March 27 were the largest reported in the period for which comparable figures are available (since June 1934), while dealers' stocks were the smallest in that period. Total stocks reported on March 27 were equivalent to 164,685,000 pounds of shorn wool, greasy shorn basis and 47,504,000 pounds of pulled wool, greasy pulled basis. Stocks in late March 1936 were equivalent to about 148,000,000 pounds of shorn wool, greasy shorn basis, and 42,000,000 pounds of pulled wool greasy pulled basis.

Stocks of raw wool, top and noil held by dealers, topmakers and manufacturers in the United States, scoured basis, March 27, 1937, with comparisons

Item	1936		1937
	Mar. 28 1/	Dec. 31 1/	Mar. 27
	1,000 pounds	1,000 pounds	1,000 pounds
Apparel wool, total	105,096	129,204	120,200
Dealers	41,156	54,125	36,929
Domestic	22,050	32,164	19,075
Foreign on hand	19,106	9,298	13,826
Foreign afloat		12,663	4,028
Manufacturers and topmakers	63,940	75,079	83,271
Domestic	38,423	47,543	39,394
Foreign on hand	12,517	15,206	36,546
Foreign afloat		12,330	7,331
Carpet wool, total	38,894	37,870	37,406
Dealers	3,140	3,388	2,434
Manufacturers	35,754	34,482	34,972
Tops	24,272	22,072	23,395
Noils	11,990	12,175	12,486

Compiled from Bureau of the Census, Quarterly Wool Stock Report, March 27, 1937. The statistics are believed to include more than 97 percent of the total stocks held by and afloat to all dealers (including commission houses, pullers and cooperatives), topmakers and manufacturers in the United States on the dates specified.

1/ Revised.

FOREIGN SITUATION

Wool Sales and Prices

London auctions

The third series of London wool auctions for 1937 opened on April 27. About 63,250 bales were available for the series. The selection of merino wools was small but there was a good offering of crossbreds. According to reports from Agricultural Attache' Taylor, prices of merino wool at the opening of the sales were unchanged to 5 percent higher than at the close of the previous series on March 12. Fine crossbred wools were 5 percent higher than in March, medium and low crossbreds 10 percent higher and slipes unchanged to 5 percent higher.

Prices remained generally unchanged during the first week of the sales. Germany, Belgium and Holland bought merino wools mostly while English buyers were interested chiefly in crossbreds. Russia bought small quantities of superior crossbreds and comebacks. No American orders were reported.

Southern Hemisphere sales

The 1936-37 selling season is now practically over in the Southern Hemisphere except for short wools and clean-up sales. Prices were very firm in April at all centers. The average price received for greasy wool at all Australian selling centers remained unchanged at 29.7 cents a pound (current rate of exchange) in March compared with 25.3 cents in March 1936.

The average export price for greasy wool in the Union of South Africa was 26.7 cents a pound in March compared with 27.2 cents in February and 20 cents in March 1936.

Outlook for Southern Hemisphere Wool Clip

As the Southern Hemisphere autumn (March-May) advances, pasture and weather conditions in the important wool producing countries appear to grow more favorable to the 1937-38 wool clip. Feed to carry stock through the winter months (June-August) now appears to be assured in most of the important sheep raising areas.

It is reported that the new Australian wool clip will show an increase over that of 1936-37, which was the smallest clip produced since 1927 and was estimated at 983 million pounds. The first official estimate of the coming Australian clip will be released about mid-June.

Apparent Supplies in Southern Hemisphere on April 1

On April 1, apparent supplies of wool still to come forward from the five principal wool producing countries of the Southern Hemisphere 1/ were estimated to be from 6 to 10 percent smaller than on the same date of 1936 and at least 14 percent smaller than the average on that date of the 5 years, 1931-35. The official selling season in most countries usually closes by the end of April. The current season, owing to a reduced supply, apparently has closed earlier than usual in some countries.

March receipts at selling centers were 4 percent smaller than a year ago, but they exceeded those of February by 19 percent. Receipts at selling centers for the current season, up to March 31, amounted to 1,363,000,000 pounds, and differed not more than 4,000,000 pounds from those of a year earlier or from average receipts for the same period of the seasons 1930-31 to 1934-35. The total quantity received at selling centers in the five Southern Hemisphere countries during the entire season 1935-36 was 1,537,000,000 pounds compared with an average of 1,518,000,000 pounds for the preceding 5-year period. It is indicated that total receipts for the current season will be about 1,498,000,000 pounds.

1/ Carry-over plus production minus exports to latest month. Australia, New

Stocks in Importing Countries

Stocks of raw wool in public warehouses in the principal ports of the United Kingdom were 41,000,000 pounds at the end of February compared with 50,000,000 pounds a month earlier and 55,000,000 pounds a year earlier, according to statistics published by the Imperial Economic Committee of the United Kingdom in "Wool Intelligence Notes", March 1937. Stocks in railway and canal depots at Yorkshire were 54,000,000 pounds at the end of February, 53,000,000 pounds a month earlier and 54,000,000 pounds a year earlier. Stocks in Yorkshire are believed to indicate roughly the trend of stocks in the hands of manufacturers.

Stocks of raw wool in reporting warehouses in Japan at the end of January, as reported in "Wool Intelligence Notes", totaled 25,000,000 pounds compared with 24,000,000 pounds a month earlier and 52,000,000 pounds a year earlier.

Stocks of wool tops in commission combing establishments of continental Europe remain small.

Manufacturing Activity in Importing Countries

The index of wool top production for the United Kingdom, France, Belgium, Poland, and Hungary was 91 for February (1935= 100) compared with 96 in January and 98 in February 1936, according to statistics published in "Wool Intelligence Notes".

The percentage of insured workers in the woolen and worsted industry of the United Kingdom reported by the Ministry of Labour as unemployed on March 15 was 6.8 compared with 7.4 percent on February 22 and 8.6 percent on March 23, 1936.

Little change in conditions was reported in the wool textile industry of continental European countries in March, according to Lloyd V. Steers, Agricultural Attache' at Berlin. Manufacturing activity and sales in France were fairly well maintained in March though export orders were scarce.

The Belgian wool industry is well occupied, particularly the combing, weaving and carpet sections. Export orders obtained by the Italian industry have resulted in increased activity in wool manufacturing in that country in recent months. Imports of wool in the first quarter of 1937 (on the bases of shipments to Italy from selling centers) were larger than in the same month of 1936 though still considerably below 1935.

German wool textile factories have maintained a fairly high level of activity for many months by the use of substitute fibers. It is unofficially estimated that only 40 percent of the total raw material consumed in wool textile mills at present consists of raw wool, from 35 to 40 percent is reclaimed wool, and more than 20 percent is substitute fiber.

Table 1.- Price of wool per pound in specified markets, selected periods, 1935-37

Market and description	Average 1935	Average 1936	Mar. 1936	Feb. 1937	Mar. 1937	Apr. 1937
Boston :	Cents	Cents	Cents	Cents	Cents	Cents
Territory combing scoured basis-:						
64s, 70s, 80s (fine) .....:	74.8	92.0	94.0	114.0	113.0	113.0
56s, (3/8 blood) .....:	63.6	80.4	81.5	99.8	95.7	95.5
46s, (Low 1/4 blood) .....:	51.4	63.9	67.5	83.2	81.0	81.0
U. S. farm price (15th of month)- :						
Grease basis .....:	19.4	9/26.9	26.5	31.6	31.7	33.2
London: 1/ :						
Average quality clean cost 2/ :						
70s .....:	47.5	58.4	59.5	63.7	66.2	10/69.1
56s .....:	29.0	35.1	34.2	48.4	47.9	10/51.5
46s .....:	18.6	23.8	22.9	38.7	39.2	10/45.3
Bradford: 3/ :						
Scoured basis - :						
64s warp .....:	47.7	59.8	59.9	60.1	67.2	70.9
50s .....:	23.2	29.7	31.0	38.7	42.7	49.3
Australia: :						
Average price at all selling :						
centers, greasy wool 4/.....:			25.3	29.7	29.7	
Sydney (Delivered Bradford) 5/- :						
Clean basis, 70s warp .....:			62.4	70.6	11/73.3	
Union of South Africa: :						
Average export price, greasy :						
wool .....:			20.0	27.2	26.7	
Price at selling centers 6/ - :						
Clean cost exwarehouse, 60s warp			58.4	67.1	67.0	
Argentina: :						
Buenos Aires market - :						
Buenos Aires, South & Southeast:						
greasy coarse crossbred 7/ :			14.3	23.3	23.3	
Uruguay: :						
Montevideo market - :						
Fine crossbred, greasy, :						
50s-56s to 60s 8/.....:			28.7	Nominal	40.2	

Foreign prices have been converted at prevailing rates of exchange.
1/ Average of quotations for each series of London sales as reported by the London Office of the Bureau of Agricultural Economics. For months when no sales were held figures are interpolations of nearest actual prices. 2/Top and noil in oil. 3/ Quotations reported about the 25th of the month by the London Office of the Bureau of Agricultural Economics. 4/ National Council of Wool Selling Brokers. 5/Wool Record and Textile World, Bradford. 6/South African Ministry for Agriculture. 7/Monthly average of weekly range quoted in Revista Quincenal de Precios published by Salaberry, Bercetche & Cia, B.A. 8/ Average of maximum and minimum prices for last of month. Furnished by American Consul A. W. Ferrin.
9/ Preliminary. 10/April 30. 11/ March 17.

Table 2.- United States: Wool imports, consumption and machinery activity, specified periods, 1936 and 1937

Item	Jan. - Mar.		Mar.	Feb.	Mar.
	1936	1937	1936	1937	1937
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption -					
Actual weight 1/					
Apparel	35,609	75,651	13,675	25,682	24,849
Finer than 40s	29,866	64,343	11,702	22,625	20,526
Not finer than 40s	5,743	11,308	1,973	3,057	4,323
Carpet, including camels hair	31,061	64,389	11,300	20,092	23,120
Consumption, scoured basis 2/					
Weekly average					
Apparel	5,646	6,220	5,052	6,430	6,582
Carpet	1,738	2,933	1,856	3,203	3,128
Aggregate					
Apparel	73,401	80,864	20,208	25,722	26,328
Carpet	22,600	38,127	7,424	12,814	12,511
	Percent	Percent	Percent	Percent	Percent
Machinery activity 2/ (40-hour shift)					
Worsted combs	129.7	150.0	109.5	152.7	154.1
Worsted spindles	78.5	109.5	73.9	111.2	108.5
Woolen spindles	118.5	137.2	109.7	142.8	134.2
Looms broad 3/	109.2	123.2	100.9	126.0	122.4
Looms narrow	54.5	72.0	47.1	73.7	72.3
Carpet and rug looms	61.9	87.7	62.8	90.9	92.8

Import figures from official records of the Bureau of Foreign and Domestic Commerce. Consumption and Machinery Activity figures from the Bureau of the Census.

1/ Weight of greasy scoured and skin wool added together.
2/ Figures for February and March based on 4 weeks, January to March on 13 weeks. No adjustment made for holidays.
3/ Over 50 inches.

Table 3.- Movement of wool in primary markets, of the Southern Hemisphere, beginning of season to March 31, 1937 with comparisons

Country	Period	Average 1930-31 to 1934-35	1935-36	1936-37
		Mil. lb.	Mil.lb.	Mil.lb.
		Receipts at selling centers		
Australia 1/	July 1 - Mar. 31	771.3	758.3	769.8
New Zealand 2/3/	" "	180.2	240.8	209.6
Union of South Africa	" "	239.9	201.4	221.8
Argentina 4/	Oct. 1 - "	67.4	60.6	51.4
Uruguay	" "	100.5	104.5	110.3
Total five countries		1,359.3	1,365.6	1,362.9
Australia:		Disposals at selling centers		
New clip wool 1/	July 1 - Mar. 31	680.8	5/ 728.2	708.6
Old clip wool 6/	" "	7/ 32.8	26.9	22.0
New Zealand	" "	160.6	231.5	207.9
Union of South Africa 8/	" "	7/124.5	128.0	154.0
Argentina 4/	Oct. 1 - "	63.7	55.9	---
Uruguay	" "	---	---	---
Total three countries		998.7	1,114.6	1,092.5
Australia:		Stocks at selling centers		
New clip wool	Mar. 31	90.5	30.1	61.2
Old clip wool	"	2.2	0.5	0.5
New Zealand 9/	June 30	56.3	10.2	10/ 0.3
Union of South Africa, unsold	Mar. 31	19.9	6.2	6.7
Argentina 4/	"	6.0	5.6	7.6
Uruguay	"	26.2	20.0	4.2
Total five countries		201.1	72.6	80.5
		Exports		
Australia 9/	July 1 - Mar. 31	708.4	719.5	699.8
New Zealand 9/	" "	181.5	226.5	205.8
Union of South Africa	" "	213.1	177.7	189.8
Argentina	Oct. 1 - "	180.5	181.3	245.4
Uruguay	" "	80.8	80.3	89.9
Total five countries		1,364.3	1,385.3	1,430.7

Compiled from cabled reports from Agricultural Representatives abroad and reliable commercial sources. The statistics in this table have not been converted to a grease equivalent because details are not always available monthly.

1/ Wool of season designated only. 2/Offerings at selling centers.
3/ Converted from data published in bales in Wool Intelligence Notes. Converted to pounds by using Dalgety and Company estimates of average weight per bale.
4/ At Central Produce Market near Buenos Aires where between one-fourth and one-third of Argentine clip is marketed; adjusted to monthly basis for season beginning October 1 from weekly reports for season beginning July 1.
5/ Includes 6,531,000 pounds destroyed by fire. 6/Carried over from preceding season. 7/ 4-year average 1932-33 to 1934-35. 8/ Sales at public auctions only. 9/ Estimates of Dalgety and Company.
10/ Estimate for end of season. Main selling season usually closes in April.

Table 4.- Exports of wool (grease and scoured combined) from Argentina and Uruguay to principal consuming countries, first 6 months new season, October 1 - March 31, 1935-36 and 1936-37

Country of destination	Oct. 1 - Mar. 31					
	Argentina		Uruguay		Total	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United Kingdom	51.2	59.9	22.1	13.6	73.3	73.5
Germany	26.6	13.3	16.0	10.7	42.6	24.0
France	37.6	26.8	6.0	3.7	43.6	30.5
Italy	6.1	20.5	4.0	4.1	10.1	24.5
Belgium	12.8	20.0	5.2	6.5	18.0	26.5
Netherlands	1.0	0.7	2.3	1.2	3.3	1.9
Japan	0.7	22.9	2.3	24.2	3.0	47.1
United States) Canada)	35.6	68.3	20.2	24.5	55.8	92.8
Total	171.6	232.4	78.1	88.5	249.7	320.8
Other countries	9.7	13.0	2.2	1.4	11.9	14.5
Grand total	181.3	245.4	80.3	89.9	261.6	335.3

Compiled from reports furnished by Agricultural Attache Paul O. Nyhus.

Table 5.- Exports of wool (grease and scoured combined) from Australia, Union of South Africa, and New Zealand to principal consuming countries, first 8 months new season, July 1 to February 28, 1935-36 and 1936-37

Country of destination	July 1 - Feb. 28							
	Australia		Union of South Africa		New Zealand		Total	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United Kingdom	210.8	241.1	42.8	20.1	79.1	62.3	332.7	323.7
Option Continent	---	---	---	---	8.8	11.8	8.8	11.8
Germany	20.4	29.5	39.6	34.5	1/	1/	60.0	64.0
France	58.8	66.3	46.6	24.5	17.2	5.9	122.6	96.7
Italy	2.4	20.5	0.4	7.2	1/	1/	2.8	27.7
Belgium	85.6	105.8	14.9	13.0	5.0	1.5	105.5	120.4
Netherlands	13.2	8.7	1/	1/	1/	1/	13.2	8.7
Japan	169.8	34.9	4.2	52.8	2/11.7	2/25.5	185.7	113.2
United States	21.2	58.5	3.3	4.2	8.4	16.2	32.9	78.9
Canada	1.8	2.4	1/	1/	6.3	6.6	8.1	9.0
Total	584.0	567.7	151.8	156.3	136.5	129.8	872.3	854.1
Other countries	30.1	31.2	10.1	6.1	12.5	5.9	52.7	42.9
Grand total	614.1	598.9	161.9	162.4	149.0	135.7	925.0	897.0

Compiled as follows: Union of South Africa, Agricultural Attache C. C. Taylor; Australia and New Zealand, "Wool Intelligence Notes".

1/ Not reported separately - if any, included with "other countries".

2/ In addition 6,100,000 pounds were shipped to Australia in this period of 1935-36 and 2,800,000 pounds in 1936-37 - probably for transshipment to Japan.